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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/602,254	06/23/2000	Steven W. Abrahams	05997.0013-00	9350

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EXAMINER

SUBRAMANIAN, NARAYANSWAMY

ART UNIT	PAPER NUMBER
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3624

DATE MAILED: 01/21/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/602,254

Applicant(s)

ABRAHAMS ET AL.

Examiner

Narayanswamy Subramanian

Art Unit

3624

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 12 November 2004.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 8-10,37,38 and 40 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 8-10,37,38 and 40 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

Art Unit: 3624

DETAILED ACTION

1. This office action is in response to applicant's communications filed on November 12, 2004. Amendments to claims 8 and 38 have been entered. Rejection of claims 8-10, 37, 38 and 40 made under 35 USC § 101 in the last office action is withdrawn in view of the amendments. Claims 8-10, 37, 38 and 40 are pending and have been examined. The rejections and response to arguments are stated below.

Claim Rejections - 35 USC § 103

2. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

3. Claims 8-10, 37, 38 and 40 are rejected under 35 U.S.C. 103(a) as being unpatentable over Gould et al (US Patent 5,966,700).

With reference to claim 8, Gould teaches a method for issuing a guarantee certificate, which is a financial instrument representing an obligation of a first party to make a payment triggered by certain default-related events associated with real estate loans (See Gould Column 3 lines 43-45, the credit enhancement is a guarantee), the method comprising the steps of: pooling, into a reference pool, using at least one data processing system, instruments representing payment obligations triggered by certain default-related events associated with real estate loans underlying the instruments (See Gould Column 1 lines 18-22, Column 4 lines 3-6, the pool is interpreted to include a reference pool); identifying and segregating cash flows paid to satisfy triggered payment

Art Unit: 3624

obligations for the instruments in the reference pool using at least one data processing system (See Gould Column 3 line 55 – Column 4 line 10, the risks to be borne by each party identifies and segregates the cash flows to be paid); and issuing a Master Commitment Agreement to entitle a holder of the certificate to receive at least one payment from the identified and segregated cash flows (See Gould Column 3 lines 43-45, Column 5 lines 45-50 and Claim 1, delivery commitment agreement is interpreted to include a guarantee certificate). The splitting of responsibility for guaranteeing against mortgage pool credit losses disclosed by Gould includes identifying and segregating cash flows paid to satisfy triggered payment obligations and issuing a Master Commitment Agreement includes the step of issuing a guarantee certificate. A data processing system for performing the various steps is inherent in the disclosure of Gould.

With reference to claim 38, Gould teaches a method for issuing a guarantee certificate, which is a financial instrument representing an obligation of a party to make a payment triggered by certain events associated with an asset, the method comprising the steps of: pooling, into a reference pool, using at least one data processing system, instruments representing payment obligations triggered by default-related events associated with assets underlying the instruments; identifying and segregating cash flows paid to satisfy triggered payment obligations for the instruments in the reference pool, using at least one data processing system; and issuing a guarantee certificate to entitle any holder of the certificate to receive at least one payment from the identified and segregated cash flows (Please see discussion of claim 8 above). Mortgages are assets for the institutions that fund them.

Art Unit: 3624

With reference to claim 9, Gould teaches the method of claim 8, wherein the step of identifying and segregating cash flows includes the step of: creating a trust for holding the pooled instruments (See Gould Column 3 lines 30-33 and Column 4 lines 26-39, the agreement includes a trust and the Spread account along with Master Servicer is interpreted to include a trust also); and initiating payment through the trust of some portion of the identified and segregated cash flows to the holder of the certificate (See Gould Column 3 lines 57-66).

With reference to claim 40, Gould teaches a method of claim 8, wherein the certain default-related events includes at least one event from a group comprising: a real estate loan delinquency; a real estate loan default; a real estate loan foreclosure; a real estate liquidation; a real estate loan workout; a classification of real estate as real estate owned (REO); and an acquisition of a real estate deed in lieu of foreclosure (See Gould Column 4 lines 9-11).

4. Claims 10 and 37 are rejected under 35 U.S.C. 103(a) as being unpatentable over Gould et al (US Patent 5,966,700) in view of Kiron et al (US Patent 6,088,685)

With reference to claims 10 and 37, teaches a method of claim 8 as discussed above.

Gould does not explicitly teach the steps wherein a financial instrument is tradable or conveyable to an entity that holds no interest in the underlying instruments.

Kiron teaches the steps wherein a financial instrument is tradable or conveyable to an entity that holds no interest in the underlying instruments (See Kiron Claims 1 and 12). The financial product in Kiron is based on information about a pool of securities and

Art Unit: 3624

the derivative product has a contingent claim on the underlying securities. Both the financial product and the derivative product are conveyable and tradeable.

Both Gould and Kiron are concerned with valuation and administration of contingent claims. It would have been obvious to one with ordinary skill in the art at the time the invention was made to include the teachings of Kiron to the disclosure of Gould. The combination of the teachings taken as a whole suggests that the contingent claim holders would have benefited from being able to transfer their claims to other investors when their investment strategies change.

Response to Arguments

5. In response to applicant's arguments that Gould fails to teach "a guarantee certificate, which is a financial instrument representing an obligation of a first party to make a payment triggered by certain default-related events associated with real estate loans, the examiner respectfully disagrees. The credit enhancement disclosed in Gould is a guarantee to make payments in the event of credit losses under certain conditions. The step of issuing a Master Commitment Agreement includes the step of issuing a guarantee certificate. Hence Gould teaches the preamble of the claim.

In response to applicant's arguments that Gould fails to teach, "identifying and segregating cash flows paid to satisfy triggered payment obligations for the instruments in the reference pool using at least one data processing system", the examiner respectfully disagrees. The splitting of responsibility for guaranteeing against mortgage pool credit losses disclosed by Gould includes identifying and segregating cash flows paid to satisfy triggered payment obligations.

Art Unit: 3624

In response to applicant's arguments that Gould fails to teach "issuing a guarantee certificate to entitle any holder of the certificate to receive at least one payment from the identified and segregated cash flows", the examiner respectfully disagrees. Issuing a Master Commitment Agreement includes the step of issuing a guarantee certificate.

In response to applicant's argument that the references fail to show certain features of applicant's invention, it is noted that the features upon which applicant relies (i.e., "a holder of a guarantee certificate, which could be an entity other than then the owner of the mortgage pool", "A feature of this contract is that the payment obligation of the insurer or guarantor always runs to the owner of the insured or guaranteed asset so that the asset and the insurance cannot be decoupled, even if the value of the arrangement to the owner changes. This feature makes the arrangement illiquid and potentially less valuable" and "A unique feature of Guarantee Certificates is that they are decoupled from, and therefore, in one preferred embodiment, may be bought, sold, and conveyed independently of the Reference Loans and/or mortgage-backed securities representing an interest in the Reference Loans that are the source of the payment-triggering events.") are not recited in the rejected claim(s). Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993).

In response to applicant's argument that Gould's system does not suggest or need a trust, the examiner respectfully disagrees. Gould (Column 3 lines 43-45) clearly suggests using a trust to administer the guarantee agreement.

Applicant's other arguments with respect to claims 8-10, 37, 38 and 40 have been considered but are moot in view of the new ground(s) of rejection.

Art Unit: 3624

Conclusion

6. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire **THREE MONTHS** from the mailing date of this action. In the event a first reply is filed within **TWO MONTHS** of the mailing date of this final action and the advisory action is not mailed until after the end of the **THREE-MONTH** shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than **SIX MONTHS** from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Dr. Narayanswamy Subramanian whose telephone number is (703) 305-4878. The examiner can normally be reached Monday-Thursday from 8:30 AM to 7:00 PM.

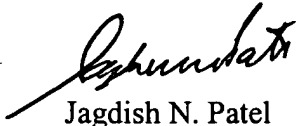
If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached at (703) 308-1065. The fax number for Formal or Official faxes and Draft to the Patent Office is (703) 872-9306.

Any inquiry of a general nature or relating to the status of this application should be directed to the Group receptionist whose telephone number is (703) 308-1113.

Art Unit: 3624

N. Subramanian

January 12, 2005

A handwritten signature in black ink, appearing to read "Jagdish N. Patel", written in a cursive style.

Jagdish N. Patel

Primary Examiner